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SECTION I. SUMMARY OF TRENDS AND DEVELOPMENTS

The Italian Government may terminate the present provisional air arrangement whereby Rumanian Airlines fly to Milan although Italian airlines are not able to fly to Bucharest. This action will enable the Italian Government to exercise stricter control over Italian airspace and will place the Italian Government in a better position in any future negotiations with Rumania for a formal bilateral air agreement.

The Australian dock workers ban on handling cargo of Dutch vessels to or from the Netherlands East Indies, which has been in effect for the past three years, has now ended.

The European freight car exchange situation is improved with the re-establishment of the prewar "clearing house" RIV (Regolamento Internazionale Veicoli) for problems arising from international freight car traffic on standard gauge railways. The regulations of this organization have now been accepted by all European countries with the exception of Rumania, Hungary, and Yugoslavia. Present indications are that these countries will also participate in RIV within the near future.

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- 2 -

SECTION II. CURRENT DEVELOPMENTS

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The Italian Government may terminate the present provisional air arrangement, whereby Rumanian Airlines (TARS) flies to Milan although Italian airlines are unable to fly to Bucharest. Such action would enable the government to exercise stricter control over Italian airspace and better the Italian position in any future negotiations with Rumania for a formal bilateral air agreement. (Future TARS flights would be limited to those cleared individually and in advance.) Termination of the Rumanian air arrangement would also indicate an Italian desire to conform to US interim air policy which favors reciprocal air agreements with Satellite States only if the terms include an adequate safeguard of rights and provide for immediate cancellation in the event these rights are in any way restricted.

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The three year ban by Australian on handling cargo of Dutch vessels en route to or from the Netherlands East Indies has now ended. The refusal to service Dutch shipping was an attempt to express sympathy for "Indonesian comrades" resisting efforts to reimpose Dutch authority over their former colonies. The Australian Government had shown little inclination to bring pressure to bear upon the unions despite severe criticism from public as well as political figures. Australian longshoremen, however, have now concluded that their own interests will not permit a continuation of the embargo on Dutch shipping. The Dutch, formerly good customers of Australia, are turning to other countries for supplies, thereby permanently diverting shipping to non-Australian ports with a resulting loss of employment to Australian dockside workers. However, should the longshoremen's decision prove to be an advantage to the Dutch at the expense of the Indonesians, there will be renewed demands within the union for reimposition of the embargo on Dutch ships.

The European Freight car exchange situation is improved by reestablishment on 1 April of RIV (Regolamento Internazionale Veicoli) which before the war acted as a "clearing house" for problems arising from international freight car traffic on the standard gauge railways. This is an important step toward solution of the extremely complicated European freight car exchange situation. Regulations of this organization have now been adopted by all European countries using standard gauge lines with the exception of Rumania, Hungary, and Yugoslavia. (It is probable that the USSR also will apply RIV regulations in Soviet Zone Germany.) Rumania, Hungary, and Yugoslavia have failed to fully subscribe to RIV regulations prior to settlement of a dispute involving ownership of cars. Some RIV members, however,

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- 8 -

have announced initiation of exchange agreements with Rumania as of 1 June; Hungary and Yugoslavia are applying RIV regulations to some of their lines and are negotiating with RIV concerning other lines. Present indications are that these countries will resume full participation in RIV, as in prewar years, within the near future.

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